株式会社 日新
NISSIN CORPORATION

Securities code: 9066

Nissin Corporation

Results Briefing for the Fiscal Year 2019 (April 2019 to March 2020)

May 29, 2020

Profit decreased due to a slide in the quantity of air cargo and the impact of COVID-19

・We had originally planned to hold this results briefing on May 20, 2020, but due to the declaration of a state of emergency following the spread of the COVID-19 coronavirus (hereinafter, “COVID-19”), we canceled the meeting and decided to present the results briefing on the website.

・The results for the fiscal year 2019 show declines from the previous year due to reduced logistics, cargo volumes, and passenger numbers in Japan and overseas.

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I. Results for the Fiscal Year 2019

* Fiscal Year 2019 means April 2019 to March 2020 for all pages

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Results for the Fiscal Year 2019

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(Unit: ¥ million)	FY 2018	FY 2019			
	Result	Plan revised on Nov. 5	Result	vs. plan	Year on year
Net sales	218,040	211,000	197,387	93.5%	90.5%
Operating income	5,698	4,000	3,528	88.2%	61.9%
Ordinary income	6,584	4,700	4,114	87.5%	62.5%
Profit attributable to owners of parent	4,426	3,300	2,705	82.0%	61.1%

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・As of the end of the second quarter, a recovery from the global economic slowdown is not yet in sight, so we announced a revision to the initial forecast on November 5, 2019.

・A major change after the announcement of the revisions is the spread of COVID-19.

・Net sales are 197,387 million yen (93.5% vs. plan, 90.5% year on year). Operating income is 3,528 million yen (88.2% vs. plan, 61.9% year on year). Ordinary income is 4,114 million yen (87.5% vs. plan, 62.5% year on year). Profit attributable to owners of parent is 2,705 million yen (82.0% vs. plan, 61.1% year on year).

Fiscal Year 2019: Segment Results

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(Unit: ¥ million)

	Businesses		FY 2018	FY 2019	Year on year	
					Amount of increase/ decrease	Percent change
Net sales	Logistics	Domestic	102,919	99,298	(3,621)	96.5%
		Overseas	51,654	44,148	(7,506)	85.5%
	Travel service		62,052	52,475	(9,577)	84.6%
	Real estate		1,413	1,463	50	103.5%
	Others		2	3	1	150.0%
	Total		218,040	197,387	(20,653)	90.5%
Operating income	Logistics	Domestic	2,570	1,983	(587)	77.2%
		Overseas	1,629	460	(1,169)	28.2%
	Travel service		573	139	(434)	24.3%
	Real estate		874	890	16	101.8%
	Others		52	56	4	107.7%
	Total		5,698	3,528	(2,170)	61.9%

* The figures are internally aggregated values to explain the performance of each region in an easy-to-understand manner.
* "Others" consists of consolidated amounts, etc.

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- This slide shows results by segment.

- Both net sales and operating income decreased year on year, except in the real estate business.

- Business conditions by segment will be explained on page 8. For fiscal year 2019, COVID-19 most severely affected the travel service business.

Fiscal Year 2019:
Transition of Operating Income by Segment

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(Unit: ¥ million)

Businesses		FY 2019				
		1Q	2Q	3Q	4Q	Full Year
Logistics	Domestic	333	558	895	197	1,983
	Overseas	146	135	86	93	460
Travel service		109	130	180	(280)	139
Real estate		244	214	208	224	890
Others		17	11	16	12	56
Total		849	1,048	1,385	246	3,528

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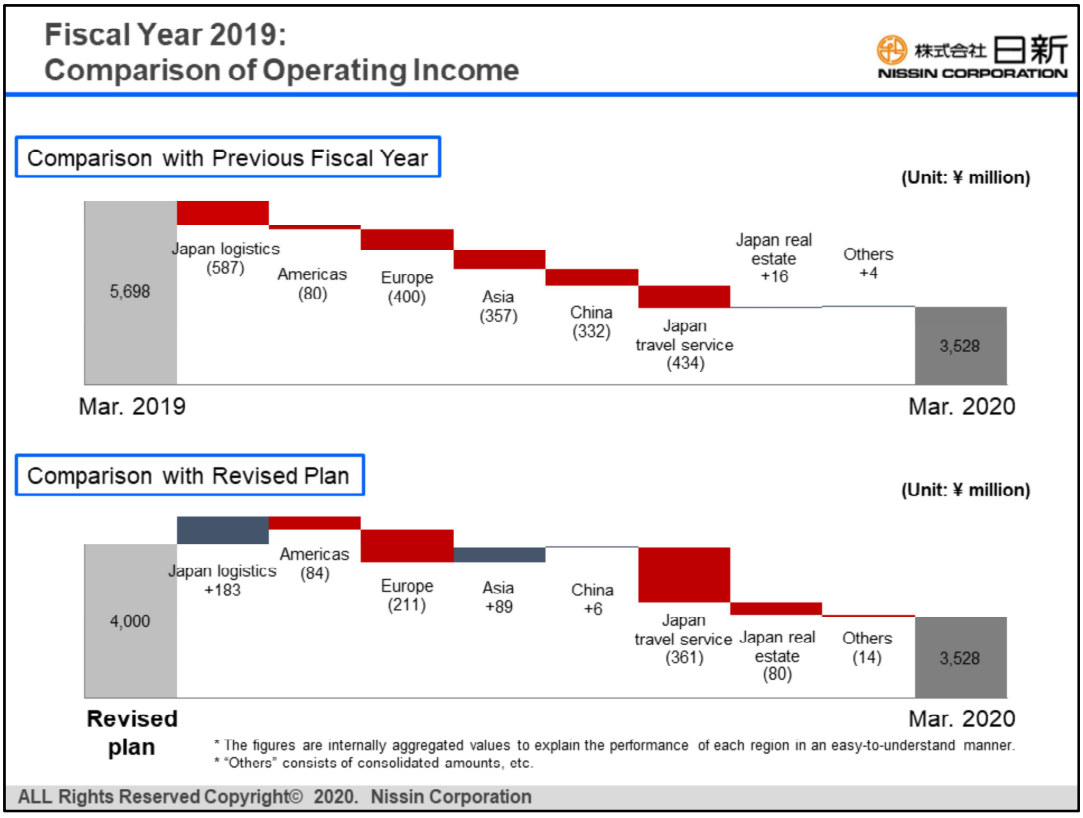
・This is the transition of operating income by segment for each quarter.

・The results show a steady recovery if we look at the totals with 1Q as the baseline and then 2Q and 3Q.

・Due to the effects of COVID-19, travel service decreased considerably in 4Q.



・This is a comparison of operating income with the previous fiscal year and the revised plan in graph form.

・Operating income year on year fell by 2,170 million yen to 3,528 million yen. The top graph is a breakdown of that. All segments except real estate decreased.

・The bottom graph shows fluctuations versus the revised plan. While Japan logistics, Asia, and China exceeded the plan, the Americas, Europe, and travel service fell below.
Especially travel service was very noticeably affected by COVID-19.

・The impact of COVID-19 on the consolidated income and expenditure was -520 million yen (operating income) for 2019 Q4 (January–March 2020).

Fiscal Year 2019:
Factors of Increase/Decrease in Operating Income from Previous Fiscal Year

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Businesses	Region	Year on year (million yen)	Change from Revised Plan (million yen)	Overview
Logistics	Japan	(587)	183	Warehousing and domestic transport business for chemicals and hazardous items attained strong results. Shipment of automobile-related cargo decreased. Air cargo quantities for exports and imports declined.
	Americas	(80)	(84)	Revenue rallied in Canada and Mexico. Shipment of automobile-related cargo fell in the US
	Europe	(400)	(211)	Earnings improved in France. Warehouse and storage operations declined in Poland. Domestic truck transport business contracted in the UK.
	Asia	(357)	89	Warehousing operations decreased in Asian countries following a shrinkage in automobile-related cargo. With respect to automobile-related cargo, intra-regional transport of components produced and research items dropped. Emergency items from Thailand were transported by air.
	China	(332)	6	Air cargo from Hong Kong decreased. Warehouse business in Shanghai was dull.
Travel service		(434)	(361)	Number of business travelers decreased.
Real estate		16	(80)	Real estate business in the Keihin area was strong.

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・Japan logistics did well in terms of the domestic transport and warehousing of chemicals and hazardous items. It was strong in terms of equipment and machine exports as well as food-related imports and storage. There was a drop in the shipment of automobile-related cargo. Air cargo quantities for exports also dropped as a whole.

・For the Americas, new automobile-related business has expanded in Canada while Mexico has recovered from the decrease in profits due to the floods last year. In the US, a branch was opened in Detroit and efforts were made to strengthen the automobile business in the Michigan district. Yet, the recovery of automobile-related cargo shipments from the second half of the year did not come as early as expected.

・In Europe, the local subsidiary in Spain became a branch of German Nissin as part of the office reorganization. Likewise, the airport office of the German Hamburg branch was consolidated with the Hamburg branch. In Poland and the UK, we had to pay double rent at one point this year due to the warehouse reorganization, but this issue will be resolved next year and contribute to increased profits. Domestic transport of automobile parts is showing a declining trend in the UK.

・Also in the Asian countries, automobile-related cargo was sluggish throughout the year. Furthermore, factory operating rates have slowly gone down due to COVID-19 from January 2020, which has also affected profits. From Thailand, emergency items were transported by air in March.

・In China, especially air cargo for exports have decreased due to US–China trade friction and Hong Kong protests.

・We have diversified travel service by engaging in group travel, MICE, and tourism to Japan, which has yielded some positive results. Even so, profits were affected by the decline in business travelers, which is our mainstay, and the global restrictions on movement due to COVID-19.

・For real estate, parking lot revenue has decreased due to COVID-19, but results have exceeded the previous year throughout the period.

Transition of Air Cargos Quantities

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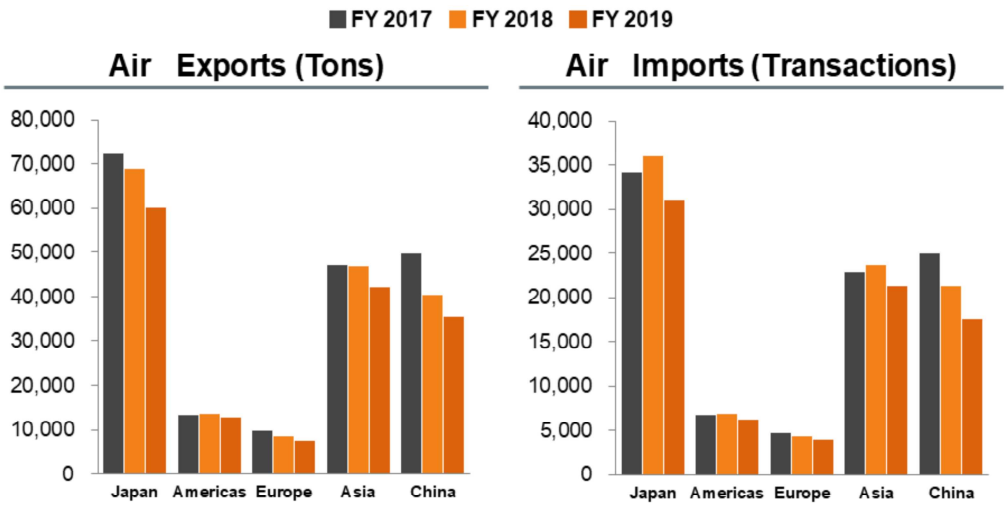
■ **Air cargo quantities were weak for both exports and imports.**



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・Automobile-related air cargo quantities from Japan, the Americas, Europe, and Asia decreased.

・In China, electric and electronic part air cargo quantities decreased.

Transition of Ocean Cargos Quantities

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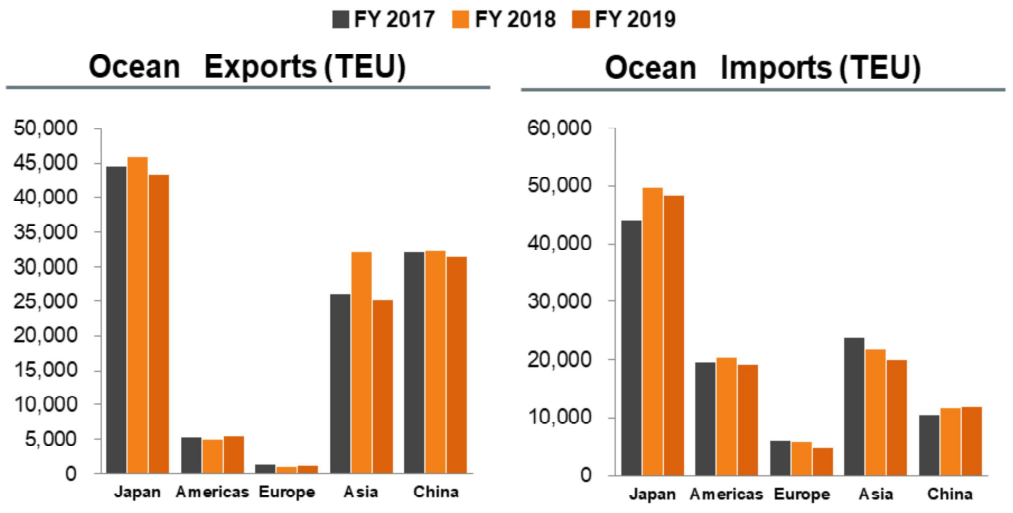
■ **Ocean cargo quantities dropped slightly.**



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・The charts show cargo quantities handled in the Company's NVOCC service.

・The decrease in ocean cargo quantities was smaller than that in air cargo quantities.

(Japan)
The figure declined slightly year on year. Exports of electric appliances and raw materials were strong.

(Americas)
Brisk food-related exports to Japan meant a year-on-year rise.

(Europe)
No major changes were observed.

(Asia)
The figure plunged considerably after a drop in automotive parts, mainly from Thailand to the United States.

(China)
The figure showed a slight decrease year on year, due mainly to a growth in the share of projects won by bidding for electric equipment to the United States and home electric appliances to Japan.

II. Future Impacts of COVID-19

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Actions to Stop Spread of COVID-19

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◆ Basic Policy

While prioritizing the continuation of logistics, transport and movement services for customers' corporate activities, we aim to prevent infections inside and outside the Company.

Domestic:
- Assigning some personnel to several offices to continue customs clearance operations
- Establishing satellite offices and introducing telework in preparation for the possible closure of regular offices

Overseas:
- Rigidly implementing infection control measures in accordance with guidance from public health authorities in individual countries
- Reporting the status at different locations to Japan

With awareness of responsibility as an international logistics operator, we strive to fulfill our roles.

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・To limit the infectious spread, employees are asked to strictly observe the following.

(1) In addition to regular safety and health measures, to strictly enforce better cleaning, disinfection, and wear face masks.
(2) Employees who have outside contact are instructed in communicable disease control and obligated to wear face masks.
(3) Stay-at-home measures, etc. based on guidance from the Ministry of Health, Labour, and Welfare.

Impact of COVID-19 on Results for the First Half

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Outlook by Segment

◆ Logistics

Domestic: Chemicals and hazardous items and food distribution are expected to remain strong, without being affected by COVID-19.
Recovery of automobile-related business will take time.

Overseas: Movement of automobile-related cargo is expected to rally after production resumes, but it will take time to return to a normal level.
In China, cargo quantity already bottomed out and is now rallying.

◆ Travel service

Business travelers will gradually recover from the plunge, but it is expected to take time until a full-scale recovery.

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・This is an overview of the impact of COVID-19 on results for the first half of the year.

・At present (May 29), cargo quantities to and from China are recovering well.

・The worst also seems to be over in Asia.

・Japan and other advanced countries have already resumed economic activities, so cargo quantities are also predicted to increase gradually.

Forecasts of Business Results for the Year Ending March 31, 2021

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Due to uncertainties regarding the impact of the spread of COVID-19 on the global economy, it is difficult to make reasonable calculations and the forecasts of business results for the year ending March 31, 2021 have yet to be determined.

We will be announcing the forecasts of business results as soon as it is possible to calculate.

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・The state of emergency in Japan was completely lifted on May 25. However, there remains a strong sense of uncertainty about the global economy due to the spread of COVID-19. As a company that depends on international transport, it is very difficult to calculate reliable results forecasts under the current circumstances, which is why now present it as “undetermined.”

Dividend Policies

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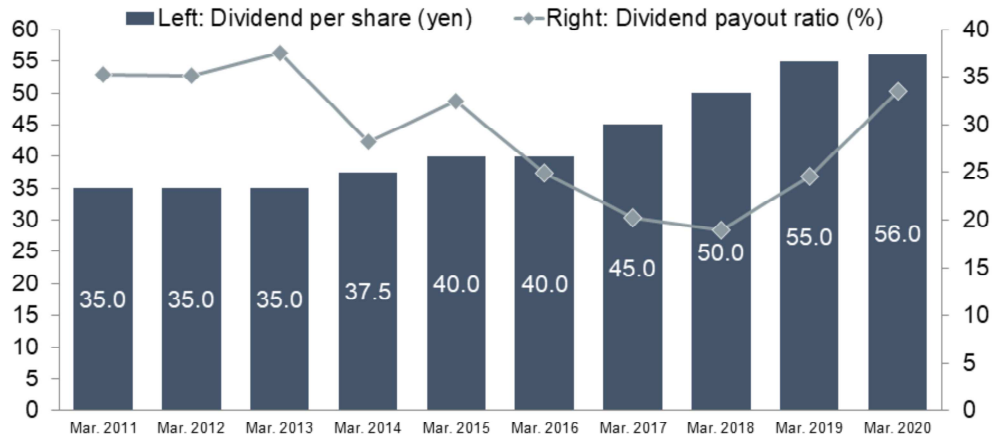
- **For the fiscal year ended March 31, 2020, we paid an annual dividend of 56 yen per share.**
- **While we have yet to determine the dividend for the fiscal year ending March 31, 2021, we will continue our efforts to pay stable dividends.**



(Note) A reverse split of 5 common stocks into 1 stock was performed with October 1, 2017 as the effective date. The amounts stated take the reverse split into consideration.

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・The company's basic policy on dividends is to continue to pay stable dividends.
We will make efforts to ensure that returns to shareholders are satisfactory when distributing profits.

・The dividend for the fiscal year ending March 2021 will be reported at a later date.

III. Progress of the Sixth Medium-Term Business Plan

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Sixth Medium-Term Business Plan:
Basic Policies

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Basic policy	"Global logistics service provider" - Further innovation to be the top quality logistics company in the world -
Period	April 2017 to March 2022 (5 years)
Priority measures	**1. Priority segments (automobile-related, chemicals and hazardous items, and food distribution)** **2. Improve the profitability of domestic businesses** • Restructure the logistics facilities • Pursue improvement in operational efficiency • Strengthen cooperation between the logistics business and the travel service • Promote logistics consulting using AI **3. Strengthen the fundamentals of group management** • Strengthen governance and ensure thorough compliance • Secure and cultivate human resources • Strengthen financial health through the streamlining of funding, etc.

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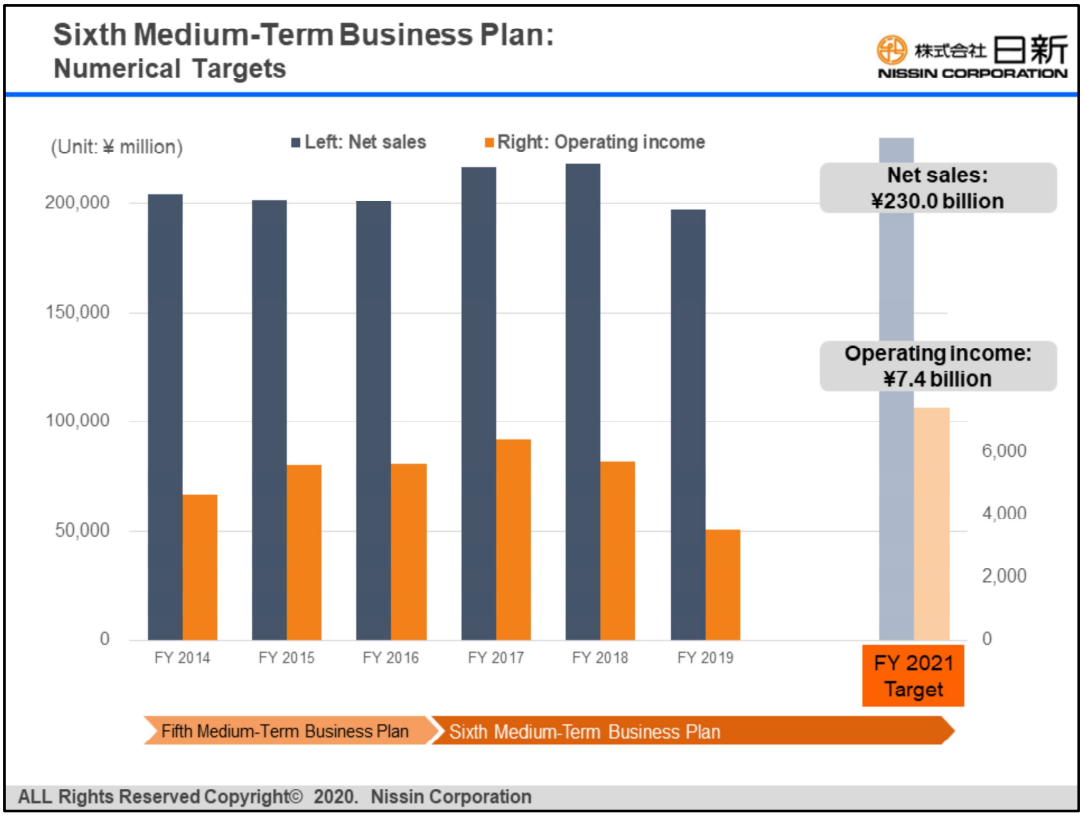
・This is a report on the progress of the Sixth Medium-Term Business Plan as the third year has come to a close.

・The Sixth Medium-Term Business Plan specifies a number of priority measures for the five-year period from April 2017 to March 2022, after which the goal is 230.0 billion yen in consolidated net sales and 7.4 billion yen in consolidated operating income for the final fiscal year.

・The three priority segments are automobile-related, chemicals and hazardous items, and food distribution, the aim being to expand business through group power.

・We focus on capital investment, reorganization, and other aspects of improvement in operational efficiency as ways to improve domestic business profitability.

・Measures for strengthening the fundamentals of group management include the strengthening of governance, the ensuring of thorough compliance, the cultivation of human resources, and the strengthening of financial health.



・The final target is 230.0 billion yen in net sales and 7.4 billion yen in operating income, with the whole group working as one to advance these measures.

・It is currently unknown what the impact of COVID-19 in this period will have on the numerical targets.

Progress under Capital Investment Plan

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Investment project	Area	Investment Amount		Start of use
		Plan	Results	
Warehouse Overseas		¥6.1 billion	¥1.8 billion	---
Ohio, US	12,081 m^2			Mar. 2018
Shanghai, China	39,197 m^2			Apr. 2018
Malacca, Malaysia	13,000 m^2			Mar. 2018
Prachin Buri, Thailand	10,020 m^2			Jan. 2019
Warehouse in Japan		¥16.9 billion	¥17.3 billion	---
Kyushu Nissin Island City	21,951 m^2			Sep. 2019
Maya West Refrigerated Warehouse	8,237 m^2			Feb. 2020
Heiwajima Refrigerated Logistics Center (tentative)	12,927 m^2			Mar. 2021
Honmoku A Logistics Center (tentative)	10,085 m^2			Jul. 2021
Yokohama City District				Planning
IT Investment		¥3.0 billion	¥1.2 billion	Apr. 2017 to Mar. 2020
Total		**¥26.0 billion**	**¥20.3 billion**	---

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- The capital investment plan totaling 26 billion yen made good progress.

- In Japan and overseas, there is strong demand related to warehouses and logistics facilities. Outside the initial plan, several investment projects are in progress. We will make announcements on them as soon as they can be published.

Priority Measures – Topic 1

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Kyushu Nissin's Island City Logistics Center is completed in September 2019.

It stands in Island City, which was developed by the Fukuoka City Government as a hub for international logistics. It is so conveniently located that the container terminal, the Fukuoka Interchange on the Kyushu Expressway and the Fukuoka Airport are all within a 10-kilometer radius.

- A bonded warehouse with normal temperature storage and refrigerated storage functions, designed to serve as a base for export to East Asian countries.

Facility overview
Name: Kyushu Nissin Island City Logistics Center
Location: Minato Kashii 3-chome, Higashi-ku, Fukuoka
Facility: Normal temperature storage (partial air conditioning) and refrigerated storage
Site area: 14,703 m^2
Total floor area: 21,951 m^2
Number of dock levelers: 9

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・For the Topics, we introduce three warehouses.

・Island City is located in the northeast of the international city Fukuoka and is garnering attention as a new logistical area right by Hakata Port, which is the maritime gateway to Kyushu and Fukuoka. This logistics center has normal temperature, air conditioned, and refrigerated storage functions. It is a large multifunctional warehouse that not only connects Japanese regions and Asia by way of storage and distribution, but can also handle customs bonds for exports and imports, distribution processing, and cold chains.

Priority Measures – Topic 2

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Maya West Warehouse is completed in February 2020.

It is operated in conjunction with the adjacent Maya Refrigerated Warehouse and Maya Pier Warehouse, which ensures storage at all temperatures (frozen, refrigerated, constant temperature and normal temperature).

- It was built to increase the capacity of the frozen cargo space for which demand is growing.
- It has automated racking systems to pave the way for quick operation.
- As part of the BCP measures, it is equipped with power receiving systems, refrigeration machines and others on the second floor of the cargo sorting building.

Facility overview
Name: Maya West Refrigerated Warehouse
Location: 2-6 Maya Futo, Nada-ku, Kobe
Facility: Warehouse with automated racking systems for frozen cargo
Site area: 4,140.03 m^2
Total floor area: 8,237.74 m^2
Capacity: 13,800 refrigerated tons
Number of cranes: 5
Number of wheeled platforms: 4
Number of pallets: 5,040

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・This warehouse was built to meet the growing demands for frozen cargo spaces and has an automated racking system for quick operation.

Priority Measures – Topic 3

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Heiwajima Refrigerated Logistics Center (tentative) will start operation in March 2021.

A cutting-edge refrigerated warehouse will be constructed near Tokyo Port and Haneda Airport, with convenient transport to and from the Greater Tokyo area.

A five-story building with an approximate total floor area of 18,000 m2 will have the capacity of 26,000 refrigerated tons.
It will also have a truck berth with 18 lanes.

Facility overview
Name: Heiwajima Refrigerated Logistics Center (tentative)
Location: Heiwajima 3-chome, Ota-ku, Tokyo
Facility: Refrigeration and freezing warehouse
Total floor area: 18,326 m^2
Capacity: 26,341 refrigerated tons

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- Construction of this refrigerated logistics center will be started. It will have five aboveground floors and an approximate total floor area of 18,000 square meters. It will have an approximate total capacity of 26,000 refrigerated tons, comprising the F-class capacity and the C-class capacity.
  The refrigerator will adopt a natural refrigerant in order to reduce the impact on the natural environment.

- It is close to Tokyo Port and Haneda Airport, and ensures convenient transport to and from the Greater Tokyo area, which is a major consuming region.
Benefiting from this locational advantage, it will provide high quality food logistics services.

IV. ESG Activities

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ESG Activities of the Nissin Group

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Sustainable growth of the Nissin Group | **Achieve a sustainable society**

Environment	Social	Governance
• To promote modal shift (Siberia Land Bridge) (Vietnam Green Line) • Action for energy conservation (introduction of LEDs to facilities) • Positive operation of the HACO Lab distribution container management service • To install environmentally friendly power facilities (Sakai Logistics Center) • Participation in the Kanagawa Prefecture Reforestation Partnership Program	• To put measures in place for the UK Modern Slavery Act • To reduce labor shortages through warehouse automation (Maya West Warehouse) • To introduce diverse work styles • To submit a voluntary action declaration in accordance with the White Logistics Movement	• To increase outside directors • To promote risk management activities • To start the operation of business continuity management

Charter of corporate behavior

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・We are engaged in various ESG activities as a group.
Detailed information can be found in the CSR report (to be published soon).

(*The initiatives in blue are new for this period.)

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Supplementary Material

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I. Financial Data

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Transition of Consolidated Business Results

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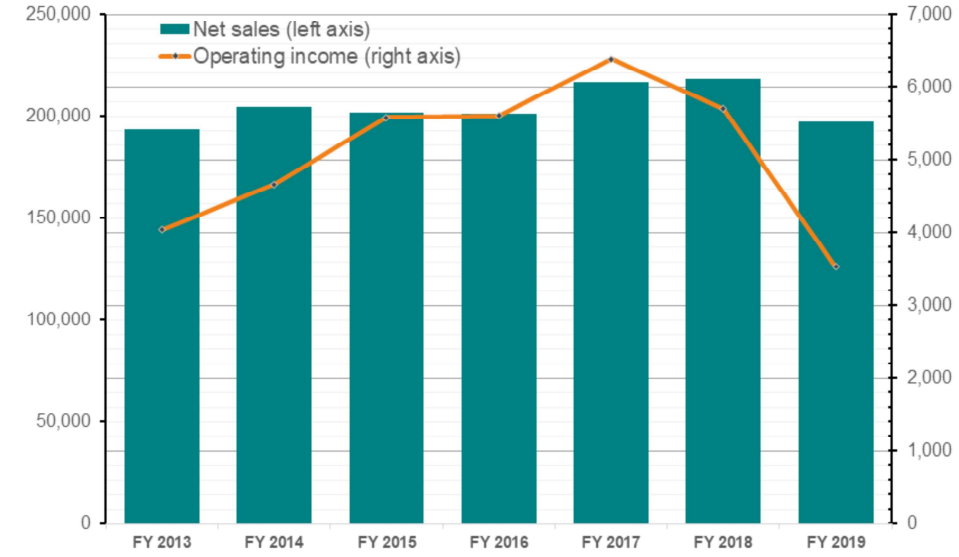
Unit: ¥ million



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Sales Composition in Logistics Business by Region

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Sales Share by Business

	Air	Ocean	Warehousing and others	Total
Japan (non-consolidated)	16%	37%	47%	100%
Americas	31%	30%	39%	100%
Europe	24%	25%	51%	100%
Asia	36%	34%	30%	100%
China	41%	30%	29%	100%

* The figures are internally aggregated values as of March 2020.

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Transition of Quarterly Consolidated Business Results

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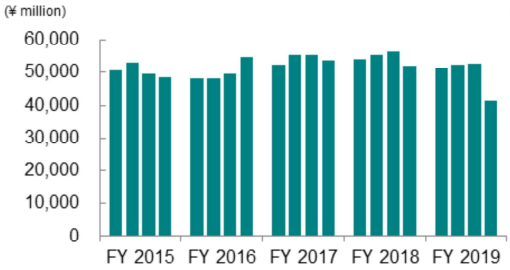
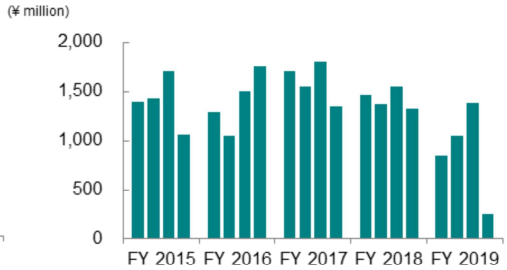
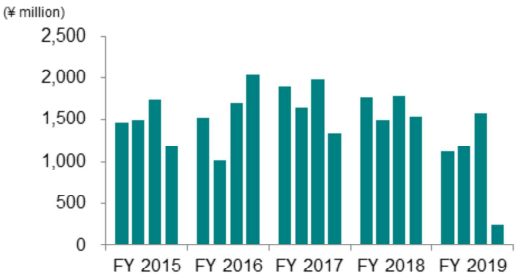
Net sales



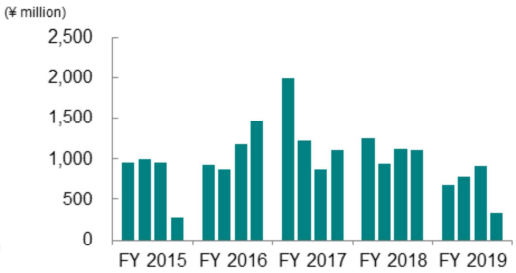
Operating income



Ordinary income



Profit attributable to owners of parent



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Five-Year Transition of Balance Sheet

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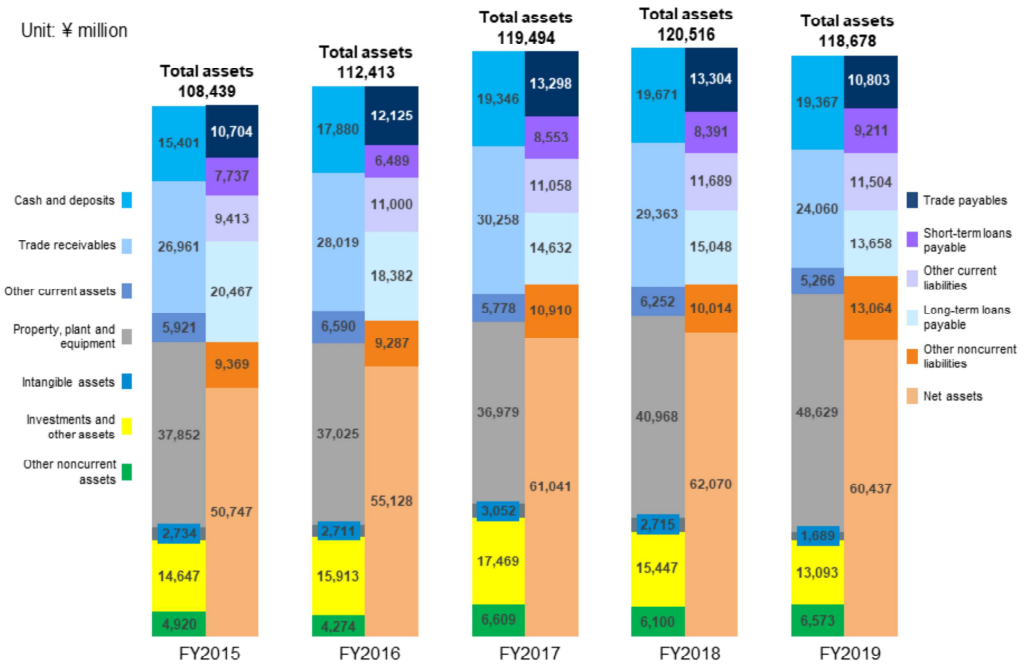

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Five-Year Transition of Consolidated Cash Flows

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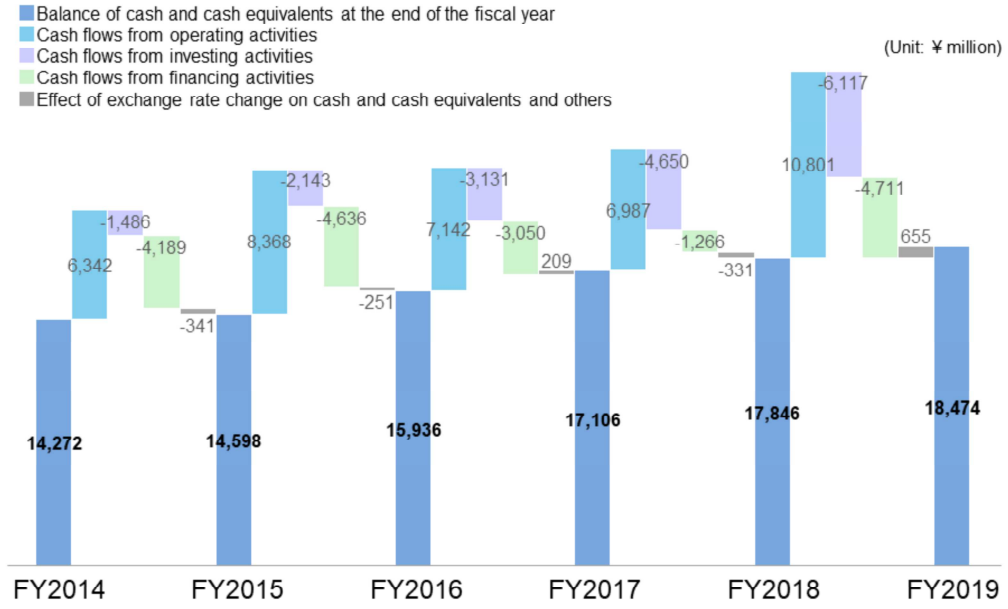

*The figures are internally aggregated values to explain the performance in an easy-to-understand manner.

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II. Quantities

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Air Cargo Handling Quantity for Export by Region

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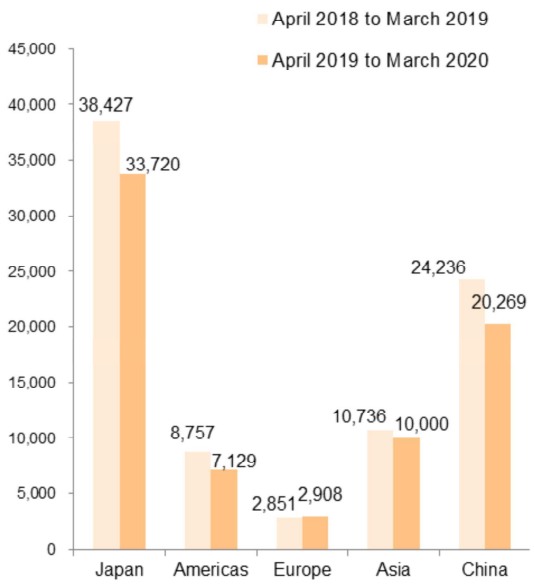
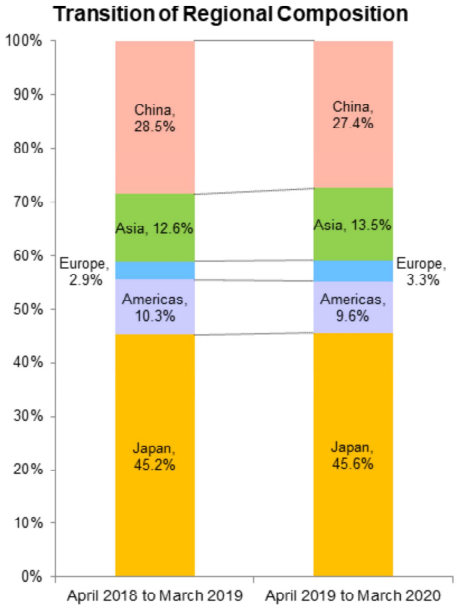
Unit. Tons (C/W)





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Five-Year Transition of Air Mixed Cargo Handling Quantity for Export from Japan

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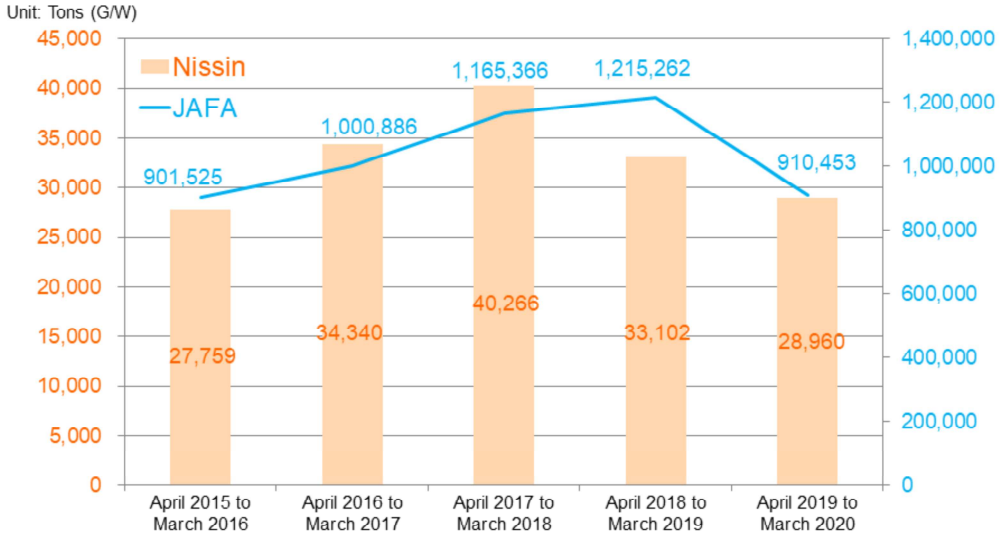

Market share in export cargo from Japan	April 2015 to March 2016	April 2016 to March 2017	April 2017 to March 2018	April 2018 to March 2019	April 2019 to March 2020
	3.08%	3.43%	3.46%	2.72%	3.18%

* The market share figures represent the Company's estimates.

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Five-Year Transition of Air Mixed Cargo Handling Quantity for Import to Japan

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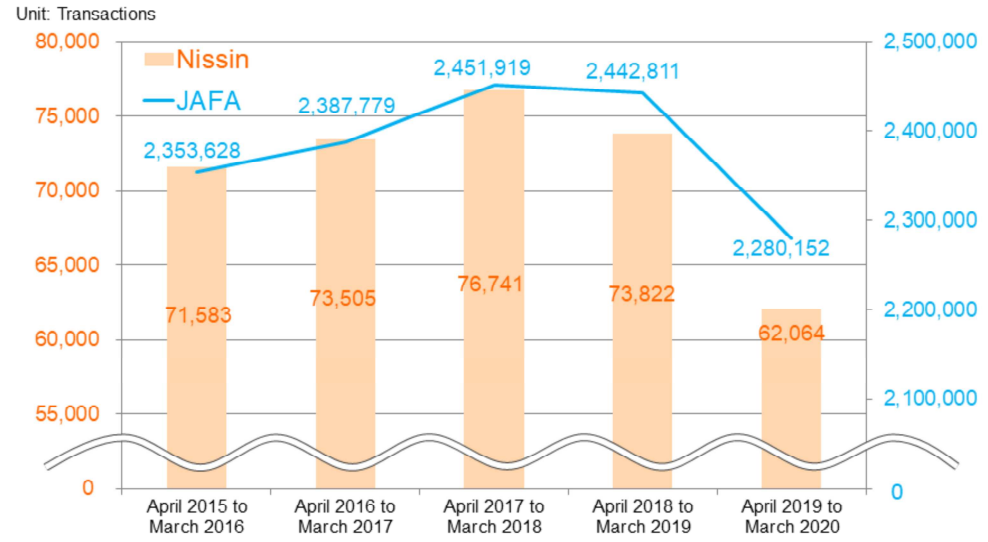

Market share of import cargo to Japan	April 2015 to March 2016	April 2016 to March 2017	April 2017 to March 2018	April 2018 to March 2019	April 2019 to March 2020
	3.04%	3.08%	3.13%	3.02%	2.72%

* The market share figures represent the Company's estimates.

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NVOCC (FCL) Cargo Handling Quantity for Export by Region

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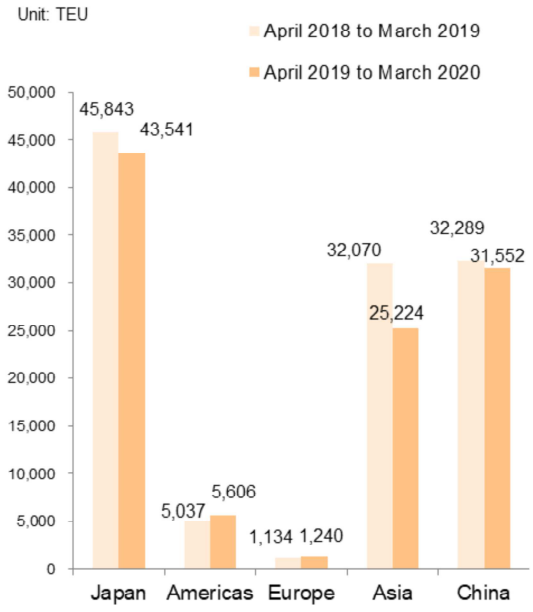

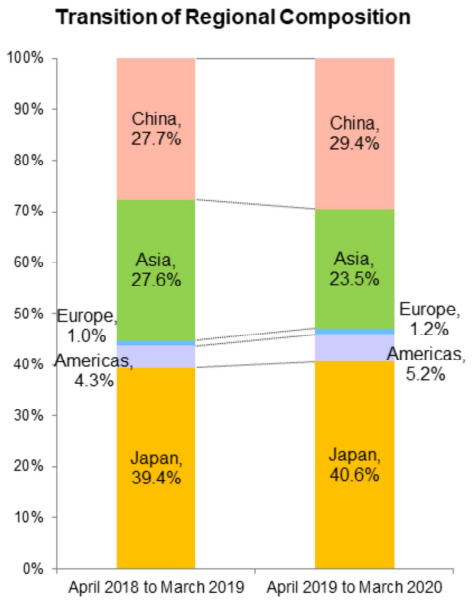

* TEU: Twenty feet Equivalent Unit

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Five-Year Transition of NVOCC (FCL) Cargo Handling Quantity for Export from Japan

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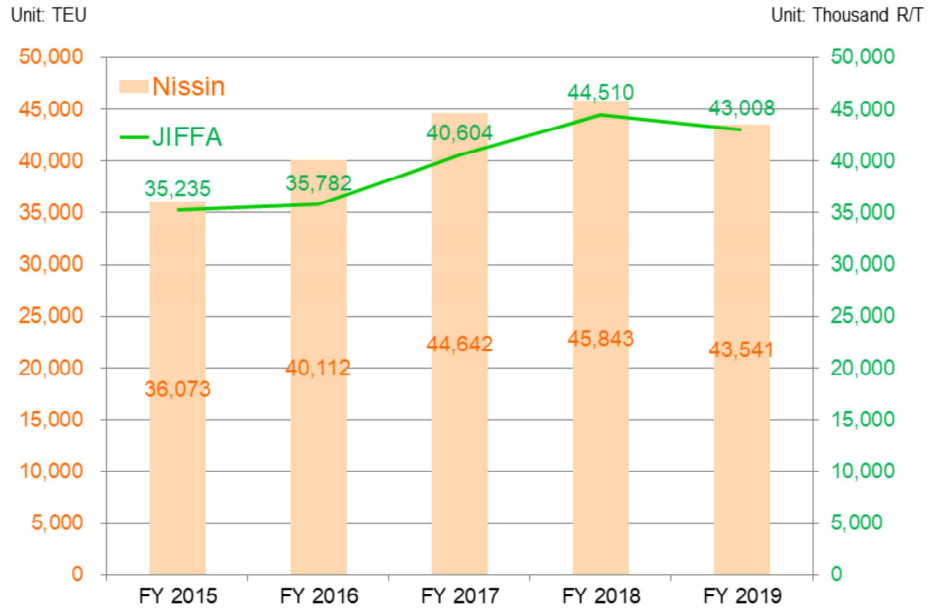

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Five-Year Transition of NVOCC (FCL) Cargo Handling Quantity for Import to Japan

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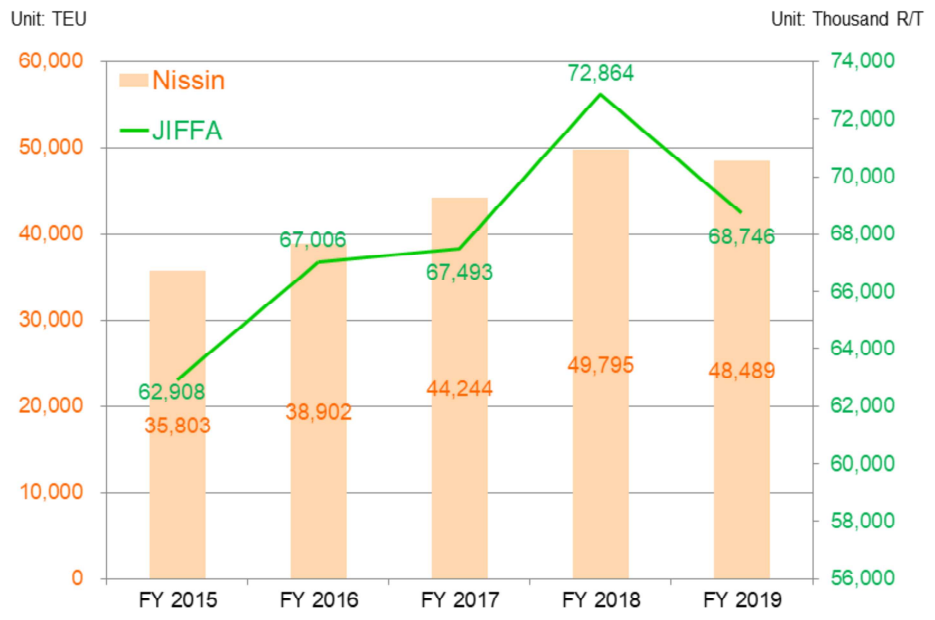

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For inquiries about information materials and our investor relations, contact:

Corporate Planning Department
Nissin Corporation
03-3238-6555
https://www.nissin-tw.com

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